

# INFORMATION REPORT

CONFIDENTIAL

COUNTRY China

SUBJECT Corrupt Practices of Minor Government Workers in Shanghai, Tientsin and Tsinan

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NO. OF ENCLS. (LISTED BELOW)

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SUPPLEMENT TO REPORT NO.

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1. Minor employees in many government organizations in Shanghai are engaging in squeeze. Police have arrested 163 North Station workers on charges of having embezzled a total of JWP 100,000,000. Nineteen of these workers, charged with serious offenses, were tried in court and the rest were discharged, demoted or warned. A group of 89 porters\* was discovered to be collaborating with members of the Yellow Oxen Society, racketeer elements in Shanghai which the police have been trying to eliminate, by taking bribes for accepting luggage of excessive weight and luggage containing contraband. The porters received more than JWP 20,000,000 for these services. Fourteen porters from the Jukong Road godown and North Station were also arrested on charges of accepting draft.
2. Workers in godowns in Tientsin\*\* and Tsinan have also organized groups which engage in various types of squeeze. The Tsinan group consists of 33 persons, almost half of the entire staff. It is led by NI Jung-k'uei (倪榮奎), LU Ch'eng (陸誠), T'ANG Wei-lien (唐煒廉), and HSUEH Wen-hao (薛文灝). These men have engaged in squeeze involving large sums of money. On one occasion HSUEH tried to force a shipper to sign a check for JWP 500,000, which was to be called a loan. The shipper refused, but later, with the assistance of T'ANG, HSUEH was able to obtain a loan of JWP 200,000 from the same shipper.
3. NI rented canvas to a transport company at a charge of JWP 700,000. HSUEH and others, by shipping freight for CHANG Chao-k'io (張朝柯) and CHU Yu-liang (朱鈺良) out of turn ahead of other freight, saved them more than JWP 40,000,000 in storage charges. They rewarded him with JWP 430,000 and paid 10 of his collaborators JWP 2,500,000 each. T'ANG Chih-min, another of the group, lowered the category of cargo rates, charging seventh category rates for cargo which should have been charged at the third category rate. T'ANG also used his position to have his father serve as a freight escort and signed a free transportation ticket for him.

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4. In addition to squeeze involving large amounts of money, the Tsinan group also forced shippers to give them treats, present them with gifts on festival occasions and invite them to shows or dance halls.

25X1A ☐ Comment. It is not clear whether or not these porters were included in the 163 workers arrested in North Station, Shanghai.

25X1A ☐ Comment. Examples of squeeze by the Tientsin godown group were not given.

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